

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE DEFINITION OF "ELIGIBLE RENEWABLE RESOURCE" TO INCLUDE UPGRADES, REPAIRS, AND MAINTENANCE TO A HYDROELECTRIC FACILITY; AMENDING SECTIONS 69-3-2003 AND 90-3-1003, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 69-3-2003, MCA, is amended to read:

"69-3-2003. Definitions. As used in this part, unless the context requires otherwise, the following definitions apply:

(1) "Ancillary services" means services or tariff provisions related to generation and delivery of electric power other than simple generation, transmission, or distribution. Ancillary services related to transmission services include energy losses, energy imbalances, scheduling and dispatching, load following, system protection, and reactive power.

(2) "Common ownership" means the same or substantially similar persons or entities that maintain a controlling interest in more than one community renewable energy project even if the ownership shares differ between two community renewable energy projects. Two community renewable energy projects may not be considered to be under common ownership simply because the same entity provided debt or equity or both debt and equity to both projects.

(3) "Community renewable energy project" means an eligible renewable resource that is interconnected on the utility side of the meter in which local owners have a controlling interest and that is less than or equal to 5 megawatts in total calculated nameplate capacity.

(4) "Competitive electricity supplier" means any person, corporation, or governmental entity that is selling electricity to small customers at retail rates in the state of Montana and that is not a public utility or cooperative.

(5) "Compliance year" means each calendar year beginning January 1 and ending December 31, starting in 2008, for which compliance with this part must be demonstrated.

(6) "Cooperative utility" means:

1 (a) a utility qualifying as an electric cooperative pursuant to Title 35, chapter 18; or

2 (b) an existing municipal electric utility as of May 2, 1997.

3 (7) "Eligible renewable resource" means a facility either located within Montana or delivering electricity
4 from another state into Montana that commences commercial operation after January 1, 2005, or in the case of
5 subsection (7)(d)(ii) is completed after January 1, 2005, and that produces electricity from one or more of the
6 following sources:

7 (a) wind;

8 (b) solar;

9 (c) geothermal;

10 (d) water power, in the case of a hydroelectric project that:

11 (i) does not require a new appropriation, diversion, or impoundment of water and that has a nameplate
12 rating of 10 megawatts or less; or

13 (ii) is attributable to an upgrade, a repair, or maintenance done at an existing hydroelectric facility that
14 increases existing generating capacity;

15 (e) landfill or farm-based methane gas;

16 (f) gas produced during the treatment of wastewater;

17 (g) low-emission, nontoxic biomass based on dedicated energy crops, animal wastes, or solid organic
18 fuels from wood, forest, or field residues, except that the term does not include wood pieces that have been
19 treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chroma-arsenic;

20 (h) hydrogen derived from any of the sources in this subsection (7) for use in fuel cells; and

21 (i) the renewable energy fraction from the sources identified in subsections (7)(a) through (7)(h) of
22 electricity production from a multiple-fuel process with fossil fuels.

23 (8) "Local owners" means:

24 (a) Montana residents or entities composed of Montana residents;

25 (b) Montana small businesses;

26 (c) Montana nonprofit organizations;

27 (d) Montana-based tribal councils;

28 (e) Montana political subdivisions or local governments;

29 (f) Montana-based cooperatives other than cooperative utilities; or

30 (g) any combination of the individuals or entities listed in subsections (8)(a) through (8)(f).

(9) "Public utility" means any electric utility regulated by the commission pursuant to Title 69, chapter 3, on January 1, 2005, including the public utility's successors or assignees.

(10) "Renewable energy credit" means a tradable certificate of proof of 1 megawatt hour of electricity generated by an eligible renewable resource that is tracked and verified by the commission and includes all of the environmental attributes associated with that 1 megawatt-hour unit of electricity production.

(11) "Small customer" means a retail customer that has an individual load with an average monthly demand of less than 5,000 kilowatts.

(12) "Total calculated nameplate capacity" means the calculation of total nameplate capacity of the community renewable energy project and other eligible renewable resources that are:

(a) located within 5 miles of the project;

(b) constructed within the same 12-month period; and

(c) under common ownership."

Section 2. Section 90-3-1003, MCA, is amended to read:

"90-3-1003. Research and commercialization account -- use. (1) The research and commercialization account provided for in 90-3-1002 is statutorily appropriated, as provided in 17-7-502, to the board of research and commercialization technology, provided for in 2-15-1819, for the purposes provided in this section.

(2) The establishment of the account in 90-3-1002 is intended to enhance the economic growth opportunities for Montana and constitute a public purpose.

(3) The account may be used only for:

(a) loans that are to be used for research and commercialization projects to be conducted at research and commercialization centers located in Montana;

(b) grants that are to be used for production agriculture research and commercialization projects, clean coal research and development projects, or renewable resource research and development projects to be conducted at research and commercialization centers located in Montana;

(c) matching funds for grants from nonstate sources that are to be used for research and commercialization projects to be conducted at research and commercialization centers located in Montana; or

(d) administrative costs that are incurred by the board in carrying out the provisions of this part.

(4) At least 20% of the account funds approved for research and commercialization projects must be directed toward projects that enhance production agriculture.

1 (5) (a) At least 30% of the account funds approved for research and commercialization projects must
2 be directed toward projects that enhance clean coal research and development or renewable resource research
3 and development.

4 (b) If the board is not in receipt of a qualified application for a project to enhance clean coal research and
5 development or renewable resource research and development, subsection (5)(a) does not apply.

6 (6) An applicant for a grant shall provide matching funds from nonstate sources equal to 25% of total
7 project costs. The requirement to provide matching funds is a qualifier, but not a criterion, for approval of a grant.

8 (7) The board shall establish policies, procedures, and criteria that achieve the objectives in its research
9 and commercialization strategic plan for the awarding of grants and loans. The criteria must include:

10 (a) the project's potential to diversify or add value to a traditional basic industry of the state's economy;

11 (b) whether the project shows promise for enhancing technology-based sectors of Montana's economy
12 or promise for commercial development of discoveries;

13 (c) whether the project employs or otherwise takes advantage of existing research and commercialization
14 strengths within the state's public university and private research establishment;

15 (d) whether the project involves a realistic and achievable research project design;

16 (e) whether the project develops or employs an innovative technology;

17 (f) verification that the project activity is located within the state;

18 (g) whether the project's research team possesses sufficient expertise in the appropriate technology area
19 to complete the research objective of the project;

20 (h) verification that the project was awarded based on its scientific merits, following review by a
21 recognized federal agency, philanthropic foundation, or other private funding source; and

22 (i) whether the project includes research opportunities for students.

23 (8) The board shall direct the state treasurer to distribute funds for approved projects. Unallocated
24 interest and earnings from the account must be retained in the account. Repayments of loans and any
25 agreements authorizing the board to take a financial right to licensing or royalty fees paid in connection with the
26 transfer of technology from a research and commercialization center to another nonstate organization or
27 ownership of corporate stock in a private sector organization must be deposited in the account.

28 (9) The board shall refer grant applications to external peer review groups. The board shall compile a
29 list of persons willing to serve on peer review groups for purposes of this section. The peer review group shall
30 review the application and make a recommendation to the board as to whether the application for a grant should

1 be approved. The board shall review the recommendation of the peer review group and either approve or deny
2 a grant application.

3 (10) The board shall identify whether a grant or loan is to be used for basic research, applied research,
4 or some combination of both. For the purposes of this section, "applied research" means research that is
5 conducted to attain a specific benefit or solve a practical problem and "basic research" means research that is
6 conducted to uncover the basic function or mechanism of a scientific question.

7 (11) For the purposes of this section:

8 (a) "clean coal research and development" means research and development of projects that would
9 advance the efficiency, environmental performance, and cost-competitiveness of using coal as an energy source
10 well beyond the current level of technology used in commercial service;

11 (b) "renewable resource research and development" means research and development that would
12 advance:

13 (i) the use of any of the sources of energy listed in ~~69-3-2003(6)~~ 69-3-2003(7) to produce electricity; and
14 (ii) the efficiency, environmental performance, and cost-competitiveness of using renewable resources
15 as an energy source well beyond the current level of technology used in commercial service."
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17 **NEW SECTION. Section 3. Notification to tribal governments.** The secretary of state shall send a
18 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
19 Chippewa tribe.
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21 **NEW SECTION. Section 4. Effective date.** [This act] is effective on passage and approval.
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23 **NEW SECTION. Section 5. Retroactive applicability.** [This act] applies retroactively, within the
24 meaning of 1-2-109, to upgrades, repairs, or maintenance done at an existing hydroelectric facility after January
25 1, 2005.
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